CHENGDU XINGCHENG INVESTMENT GROUP SUCCESSFULLY LISTS FIRST EUROBONDS FOR EUR 500 MILLION ON CEINEX

Source: CEINEX, March 21, 2018

Frankfurt a.M. / Germany, March 21, 2018 – On March 20, 2018, Chengdu Xingcheng Investment Group Co., Ltd. issued the first mid-term senior unsecured Eurobonds on the China Europe International Exchange (CEINEX) market place in Frankfurt. This marks the first non-financial enterprise’s Eurobond listed on CEINEX’ EU regulated market, which is using the market infrastructure of Deutsche Börse. The Eurobond subscribed for EUR 500 million with a comprehensive coupon rate of 2.62% in two tranches: A three-year, EUR 365 million bond with an issued interest rate of 2.5% (ISIN XS1748389688) and a five-year, EUR 135 million bond with a coupon of 2.95% (ISIN XS1791714493).

The first Eurobond from Southwest China is also the first Eurobond issued by a Chinese local state-owned enterprise in 2018 and found major interest from investors from sovereign funds, investment funds, insurance companies and asset management companies in Europe and Asia. The use of proceeds is for the construction of an urban ecological project which plans to transform the City of Chengdu into a beautiful and livable park-like habitat for its citizens and visitors, and to provide Chengdu with more financial opportunities to build itself into a national central city, an international gateway & hub city, and a famous world cultural city.

Chengdu Xingcheng Investment Group is a leading enterprise in the area of infrastructure construction in Chengdu. Its main business includes improving urban traffic environment, boosting regional economic development, enhancing urban environmental quality, and creating new urban and rural forms. The Eurobonds of Chengdu Xingcheng Investment Group were subject to requirements of an EU Directive for listing bonds in the EU regulated market and was approved by German Federal Financial Supervisory Authority (BaFin) in a relatively short period of time. The successful listing of the Eurobond on CEINEX has bridged Chengdu with European financial market and has also created a good beginning for state-owned enterprises from Chengdu to participate in the creation of global value chains as well as to go global and expand their global international business. More

THE STORY BETWEEN CEINEX AND THE FIRST CHINA-GERMANY HIGH LEVEL FINANCIAL DIALOGUE

Source: CEINEX, March 20, 2018

The establishment of the China Europe International Stock Exchange is a result of the cooperation between China and Germany in the economic and financial industry. It is a vivid case of China-Germany financial cooperation and is an important outcome of the First China-Germany High Level Financial Dialogue in 2015.

The formation of this exceptional market place was agreed upon by the partner exchanges in May 2015. (Continued on page 2)
In October 2015, CEINEX shareholders signed the joint venture agreement in Beijing, witnessed by German Chancellor Angela Merkel and Chinese Premier Li Keqiang, as a strategic project between China and Germany. Just one month later, CEINEX was registered on November 11 in Frankfurt/Main, Germany, and launched its market operation on November 18, 2015.

CEINEX is a new initiative for Chinese domestic exchanges to “go global”, to expand their international business and to promote the two-way opening up of China’s capital market. It is also a new exploration of Sino-German bilateral economic cooperation.

The Chinese official also underlined some of the most noteworthy consensuses reached at the dialogue, including Germany’s support for China’s goal to add its currency renminbi (RMB) to the Special Drawing Rights (SDR) currency basket based on existing criteria.

Germany will also “actively support China in hosting the G20 summit in 2016,” Shi added.

At the dialogue, Germany also announced its intention to join the Asia Infrastructure Investment Bank (AIIB) as a prospective founding member, which was welcomed by China.

Both sides encouraged each other’s banking institutions to set up establishments or develop business operations in their respective markets and planned to hold consultations on bank supervision.

They also supported the establishment and development of an offshore RMB market and a local RMB clearing bank in Frankfurt and welcomed German financial institutions using RMB qualified foreign institutional investors (RQFII) quota to invest in Chinese markets.

Commenting on the high-level financial dialogue, Horst Loechel, professor of economics at Frankfurt School of Finance & Management, told Xinhua that strengthening financial cooperation between Germany and China will benefit both countries.

The event marks an important milestone in China-Germany financial cooperation after bilateral endeavor to make Frankfurt a renminbi clearing hub, said Loechel.

The progress in economic and political cooperation between the two countries will help improve the overall atmosphere for bilateral economic cooperation, and thus bring more opportunities for businesses and people of the two countries, he said.

From a strategic point of view, Loechel noted that “the old East-West constellation is becoming outdated, and Europe of course can also have good cooperation with China and Asia in general.”

"Europe is redefining its position in the world. This is especially true for Germany which increasingly plays a leading role in Europe thanks to its economic success," he said.

The First China-Germany High Level Financial Dialogue was declared concluded by Chinese Vice Premier Ma Kai, German Finance Minister Wolfgang Schaeuble and Deutsche Bundesbank President Jens Weidmann. A high-level delegation of senior officials from each country attended the meeting.

(Continued from page 1)
CHINA TO DEEPEN REFORMS IN FUNDAMENTAL, KEY AREAS IN 2018
Source: Xinhua, March 05, 2018
BEIJING — China will endeavor to make new breakthroughs in reform this year and continue to unleash and develop productive forces, Premier Li Keqiang said on March 5.

China will be bolder in reform and opening-up, he said while delivering the government work report at the opening meeting of the annual parliamentary session, calling it “a game-changing move in making China what it is today.”

“It now remains a game-changing move for us to achieve China’s two centenary goals,” the Premier said. More

CHINA TO FORM NEW REGULATORY COMMISSIONS
Source: Xinhua, March 13, 2018
BEIJING, March 13 (Xinhua) -- China will form a banking and insurance regulatory commission to replace China Banking Regulatory Commission (CBRC) and China Insurance Regulatory Commission (CIRC), according to a cabinet reshuffle plan.

The new body will enhance oversight of both banking and insurance industries, by combining responsibilities of supervising the banking and insurance industries, preventing and dissolving financial risks, and protecting financial product consumers’ rights, according to the plan submitted to the national legislature for deliberations Tuesday.

The move is aimed at solving existing problems such as unclear responsibilities, cross-regulation and absence of supervision, said State Councilor Wang Yong when explaining the plan to the lawmakers.

According to analysts, the new banking and insurance regulator is losing some powers to the People’s Bank of China, another sign of the growing regulatory power of the country’s central bank, given certain CBRC and CIRC functions, including drafting key regulations and prudential oversight, will be shifted to the bank. More

HIGHLIGHTS OF PREMIER’S GOVERNMENT WORK REPORT
Source: Xinhua, March 05, 2018
Following are the highlights of a government work report distributed to media ahead of the annual session of the National People’s Congress (NPC) on the morning of March 5.

OVER PAST FIVE YEARS
— China’s gross domestic product (GDP) has risen from 54 trillion to 82.7 trillion yuan, registering average annual growth of 7.1 percent
— More than 68 million people have been lifted out of poverty
— Tourist departures have grown from 83 million to over 130 million
— Both energy and water consumption per unit of GDP have fallen more than 20 percent, the release of major pollutants has been consistently declining, and the number of days of heavy air pollution in key cities has fallen 50 percent
— Personal income has increased by an annual average of 7.4 percent, outpacing economic growth and creating the world’s largest middle-income group
— More than 66 million new urban jobs have been added, and the country, with its population of over 1.3 billion, has achieved relatively full employment

MAJOR TARGETS FOR 2018
— GDP growth of around 6.5 percent
— CPI increase of around 3 percent
— Over 11 million new urban jobs, the surveyed urban unemployment rate within 5.5 percent, and the registered urban jobless rate within 4.5 percent
— Basic parity in personal income growth and economic growth
— A steady rise in import and export volumes, and a basic equilibrium in the balance of payments
— A drop of at least 3 percent in energy consumption per unit of GDP, and continued reductions in the release of major pollutants
— Substantive progress in supply-side structural reform, basically stable macro leverage, and systematic and effective prevention and control of risk

WHAT ELSE TO DO THIS YEAR
— This year’s deficit as a percentage of GDP is projected to be 2.6 percent, 0.4 percentage point lower than last year. More
SHANGHAI, March 26 (Xinhua) -- China on Monday launched trading of yuan-denominated crude oil futures contracts at the Shanghai International Energy Exchange, the first futures contracts listed on China's mainland to overseas investors.

The listed futures are contracts to be delivered between September 2018 and March 2019. The benchmark prices of 15 listed contracts were set at 416 yuan (65.8 U.S. dollars), 388 yuan and 375 yuan per barrel, depending on delivery date.

Li Qiang, Shanghai's Party chief, and Liu Shiyu, chairman of China Securities Regulatory Commission, hit the gong together to open the trading session.

The price of SC1809 contracts started at 440 yuan per barrel and closed at 429.9 yuan per barrel, which is 3.34 percent higher than the benchmark price. The total turnover hit 17.6 billion yuan.

On the first trading day, the 15 listed crude oil contracts changed hands in a total of 42,300 transactions. The total turnover amounted to 18.3 billion yuan.

Trading margins for the futures were set for 7 percent of the contract value. The upward and downward trading limits were set at 5 percent, with the trading limits on the first trading day set at 10 percent of the benchmark prices.

Initially, U.S. dollars may be used as deposit and for settlement, and in the future, more currencies will be used as deposit. More

Fang Xinghai said that crude oil futures is a very important product in the futures market, crude oil is the most important industrial basic raw material, and has important significance in the futures industry. Furthermore, INE is an international platform and the crude oil futures are the first Chinese futures open to global investors. All these factors make crude oil futures very influential and attractive.
SSE RELEASES NOTICE OF B&R Bonds' SOFT OPERATION

Source: SSE, March 02, 2018

In order to implement the requirements at the 19th CPC National Congress and the overall deployment of the "Vision and Action of Propelling Joint Construction of the Silk Road Economic Belt and the 21 Century Maritime Silk Road (B&R)" co-issued by the National Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Commerce, boost the financing for the B&R, and give full play to the role of the exchange-traded bonds market in serving the construction of the B&R, the Shanghai Stock Exchange (SSE), according to the general deployment made by the China Securities Regulatory Commission (CSRC), has further studied and promoted the B&R bonds, formulated and promulgated the "Notice of B&R Bonds' Soft Operation" (the Notice for short), and specified major systematic arrangement for the B&R bonds.

The main content of the Notice includes the following 4 aspects. First, the B&R bonds is defined. The B&R bonds include the government bonds issued at the SSE by governmental institutions in the countries (regions) along the B&R, the corporate bonds issued at the SSE by enterprises and financial institutions in the countries (regions) along the B&R, and the corporate bonds issued at the SSE by domestic and oversea enterprises with raised funds to be used for the construction of the B&R. Second, the regulatory arrangement for Panda Government Bonds is specified. Any government institution in the countries (regions) along the B&R, which wants to issue government bonds at the SSE, should submit an array of application documents including the prospectus of the bonds and the economy data report to the SSE before issuance. Third, the cross-border capital arrangement is specified. If any raised funds of the B&R bonds involve cross-border capital flow, the issuer should disclose the plan of raised funds' use and abide by the regulations of the relevant regulatory authority. Fourthly, supporting measures are specified as well. The SSE has arranged for its staff to handle the application for the B&R bonds and the relevant examination, set the section of the B&R bonds, and encouraged all investment agencies to invest in the B&R bonds.

The B&R construction is a major initiative to build a new situation for China's economy and fuel the common prosperity of the countries (regions) along the B&R.
The Deppon Ant Supply Chain Finance Receivables Asset-backed Securities Product of RMB2 billion received a no-objection letter from the Shanghai Stock Exchange (SSE) on March 16, making it the 1st internet e-commerce supply chain asset-backed securities product in China. Issued by Shangrong (Shanghai) Commercial Factoring Co., Ltd. (“Shangrong” for short), a wholly-owned subsidiary of Ant Financial Services, the product represents an effective combination of internet technology, supply chain and asset securitization, and it is a helpful attempt of serving small and medium-sized enterprises (SMEs).

In recent years, the Party Central Committee and the State Council have paid great attention to the innovation and development in supply chain. In the “Guidelines on Actively Promoting Innovation and Application of Supply Chain” released by the General Office of the States Council in October 2017, the major task of actively and steadily developing supply chain finance was clearly put forward, and it aimed to enhance the circulation efficiency of various resources and factors in the real economy and promote the sound development of the supply chain ecology.

This project is to carry out screening and credit extension on merchants settling in Tmall.com and Ali ecology by Shangrong through financial technology and the big data risk control system and to engage in asset securitization through receiving the receivables of upstream suppliers to qualified merchants, thus offering financing for merchants and upstream suppliers. The in-depth integration of supply chain with internet and internet of things has effectively solved the financing issue of upstream and downstream SMEs at lower risks.

More

CFFEX OBTAINED THE LEGAL ENTITY IDENTIFIER(LEI) CODE

Source: CFFEX, March 28, 2018

Recently, the China Financial Futures Exchange (CFFEX) obtained the Legal Entity Identifier (LEI) code, approved by the China Legal Entity Identifier System of the Global Legal Entity Identifier System. The Legal Entity Identifier (LEI) is a 20-digit, alpha-numeric code based on the ISO 17442 standard (ISO 17442:2012 Financial services — Legal Entity Identifier) developed by the International Organization for Standardization (ISO). It connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions. Adopting LEI underpins CFFEX’s position as a central counterparty in the derivatives market and facilitates foreign financial institutions to participate in financial futures transactions under supervision.